

OGC 62-0646

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Agency Utilization of Advisory Committees

62-2051/2

1. This memorandum contains a recommendation in paragraph 2 for approval by the Director of Central Intelligence.

2. In connection with the Agency's use of advisory boards, a complete review was made of this situation in 1959 as a result of a Cabinet Paper setting forth the conditions for use of such committees. We found then that we can comply with these terms, and we have brought this review up to date and are currently in conformity with Executive Order 11007. However, one new element injected by Executive Order 11007 is that the committees may have a life of not more than two years, starting with 1 July 1960 or from the actual date of appointment after that date. To extend them beyond this two-year period they must be reappointed. The Executive Officer has been the repository of information on these committees, but in view of the need for biennial review we recommend that this be the responsibility of the Director of Personnel. Such adjustments of regulations as may be appropriate will be worked out in coordination with the Director of Personnel.

CONCUR

LAWRENCE B. HOUSTON
General Counsel


Acting Inspector General

The recommendation in
paragraph 2 is approved

JOHN A. McCONE
Director

OGC Has Reviewed

GC 62-0628

MEMORANDUM FOR: Director of Central Intelligence

Executive Registry
62-2051/1

SUBJECT: Agency Utilization of Consultants

1. This memorandum contains a recommendation in paragraph 2. g. for approval by the Director of Central Intelligence.

2. We summarize herewith our review of the use of consultants by the Agency in the light of the new Presidential regulations:

a. We currently have ☐ individuals who are being used as consultants.

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b. An additional number of persons listed as consultants are not truly in that category and will be carried under other designations as not coming under the consultant rules.

c. We must obtain from each consultant kept on the rolls information about his financial interests.

d. On information currently available there are no prohibited conflicts of interest although one case requires further study because of an appearance of conflict.

e. As financial information is obtained, each case must be restudied as to any conflicts indicated thereby.

f. Directors, officers, and personnel of proprietary entities controlled by the Agency do not thereby come into the consultant category.

g. Agency regulations will have to be adjusted, and we recommend that central control of consultant management be assigned to the Office of the Director of Personnel.

We have conferred with the Department of Justice on the foregoing and are in agreement on the application of the new rules.

LAWRENCE R. HOUSTON
General Counsel

CONCUR


Acting Inspector General

LASTS

The recommendation in
paragraph 2.g. is approved

JOHN A. McCONE
Director

LASTS

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DOC 62-0627

62-2051

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Agency Utilization of Consultants

1. This memorandum contains a recommendation in paragraph 6 for approval of the Director of Central Intelligence as a result of a joint study by the Inspector General's staff and the Office of General Counsel.

2. On 9 February 1962 the President addressed a memorandum to Heads of Executive Departments and Agencies, entitled, "Preventing Conflicts of Interest on the Part of Advisers and Consultants to the Government." This has helped to clarify many of the very complex problems arising out of the application of the conflict-of-interest statutes to intermittent consultants. As an example, it confirms officially the view heretofore generally held that consultants are employees of the Government within the meaning of certain of the conflict-of-interest statutes only on those days when actually consulting but adds a rule that if they spend more than 40 per cent of their time consulting they are considered full-time employees for the year of their consultant contract. The President's Memorandum adds to the administrative problem of handling consultants as the employing agency now must apply stricter controls and must require each consultant to furnish statements of financial interest.

3. This Agency currently carries on its rolls as part-time consultants approximately ☐ persons representing a very broad spectrum of special knowledge. A listing of these individuals by Agency components is attached, prefaced by a summary showing the number sponsored by each component. The Presidential Memorandum is chiefly directed to consultants with specialized

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scientific knowledge and skills. Most of these in our case are listed under DPD, TSD, and OSI, and presumably will be utilized by the Deputy Director (Research). Some ☐ of the individuals listed are not in reality used as consultants within the meaning of the Presidential Memorandum and should, therefore, be removed from the list of consultants and given a designation more accurately describing their relationship with the Agency. As regards eight other individuals who, although properly carried as consultants, have not functioned as such within the last two years, we feel that in view of the burden of the new administrative requirements in handling consultants, these individuals should be removed from the list because of nonuse, unless the components who originally utilized them contemplate further utilization within the reasonably near future. If both these actions be taken, the number of individuals properly carried as consultants totals ☐. The individuals suggested for removal are identified in the attached list.

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4. We have reviewed the Agency's utilization of these individuals to determine if there are or appear to be any conflicts of interest which would be barred under the Presidential Memorandum, and we have discussed the interpretation and application of the Memorandum with the Office of Legal Counsel, Department of Justice. In the great majority of the cases there appears to be no problem whatsoever. There are three cases in which we have contracts with the firms by which the consultants are employed. However, the record appears clear that the individuals we utilize played no part in negotiations and did not influence the award of the contracts. We discussed these three cases specifically with the Department of Justice, and it felt there was no prohibited conflict.

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conclude on the basis of all the information currently available that there are no conflicts of interest, real or apparent, in our current utilization of the individuals listed. Since, however, we must now require statements of financial interest from each consultant and the additional information thereby produced will have to be reviewed in each case by this office, a final conclusion cannot be stated at this time.

5. One of the most important points settled during our discussion with the Department of Justice on the use of consultants was that proprietary enterprises with legitimate corporate or other legally constituted entities would be regarded as having independent existence, and their directors, officers, and employees would not be considered as consultants to the Agency unless they acted as such on direct and independent appointments. This is consistent with our long-held concept of proprietaries, and persons affiliated with the Agency solely through their proprietary connection are eliminated from consideration in this paper. However, as a practical matter, based on the results of security investigations and other information, a considerable degree of control on possible conflicts of interest is maintained on proprietary personnel.

6. Our review of the consultant situation indicates there is currently no Agency-wide system for assuring compliance with the Presidential Memorandum on a continuing basis. This has been due to compartmentation in the Agency based on security and extreme sensitivity of some of the consultant relationships. Recognizing the validity of the security arguments, we still believe there should be a central focal point for all part-time individuals utilized by the Agency outside of proprietary and agent personnel. We recommend that the Director of Personnel be made responsible for maintaining the records of all such personnel in his own office on a most secure basis and be further responsible for assuring compliance with the Presidential Memorandum through the components that utilize the individuals. In this connection, our regulations will have to be adjusted to cover the new Presidential consultant rules. We will work with the Office of Personnel to develop an appropriate regulation and will provide guidance for the handling of consultants in accordance with the terms of the Presidential Memorandum.

Attachment

LAWRENCE E. HOUSTON
General Counsel

**CONCURRENCE, APPROVAL, AND DISTRIBUTION SHEET FOR
MEMORANDUM TO DCI FROM GENERAL COUNSEL, _____,
SUBJECT: AGENCY UTILIZATION OF CONSULTANTS (OGC 62-0627)**

CONCUR

Acting Inspector General

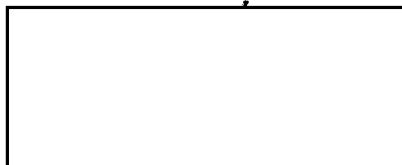
Date

**The recommendation in
paragraph 6 is approved**

**JOHN A. McCONE
Director**

Date

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Alice AC
June ✓
Kitty guy . 10
Chris ✓
~~DCI~~ file ER